

Message Text

UNCLASSIFIED

PAGE 01 MADRID 01919 151325Z
ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 L-03 EB-08 /024 W
-----151335Z 039206 /50

P 151119Z MAR 77
FM AMEMBASSY MADRID
TO SECSTATE WASHDC PRIORITY 9344

UNCLAS MADRID 1919

FOR TREASURY (DAVID FOSTER)

E.O. 11652: N/A
TAGS: EFIN, SP
SUBJECT: US-SPANISH DOUBLE TAXATION NEGOTIATIONS, MARCH 21-25

REF: STATE 053385

1. IN MARCH 14 SESSION OF JOINT U.S.-SPANISH ECONOMIC COMMITTEE, TAX NEGOTIATOR LUIS DEL ARCO SPOKE BRIEFLY ON THE TAX CONVENTION NEGOTIATIONS. WHILE HE QUALIFIED HIS REMARKS BY SAYING THAT THE ACTUAL NEGOTIATIONS WILL BE HELD NEXT WEEK, DEL ARCO SPOKE GUARDEDLY ON THE PROSPECTS FOR FULL AGREEMENT.

2. DEL ARCO STATED THAT TWO ISSUES BLOCKED U.S.-SPANISH AGREEMENT:

1) THE TAXATION OF U.S. CITIZENS IN SPAIN, WHICH HE SAID WAS REQUIRED BY U.S. LAW BUT NOT RECOGNIZED BY SPANISH LAW; AND
2) U.S. TAX EXEMPTION FOR SPANISH TAXES LEVIED BUT NOT ACTUALLY PAID. IN THIS CONNECTION, HE REFERRED TO THE RELEVANT PROVISION OF THE U.S.-BRAZIL TAX CONVENTION (WHICH HE NOTED REMAINS UNRATIFIED BY THE U.S. SENATE).

3. THE U.S. STANDS ON THESE TWO ISSUES, DEL ARCO POINTED OUT, ARE NOT IN LINE WITH THE OECD MODEL CONVENTION AND SPANISH PRACTICE REGARDLESS OF WHETHER THE U.S. HAS SUCC-
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MADRID 01919 151325Z

ESSFULLY NEGOTIATED THESE PROVISIONS WITH THIRD COUNTRIES. DEL ARCO SAID THAT OTHER POINTS OF DISAGREEMENT CAN BE RESOLVED DURING NEXT WEEK'S NEGOTIATIONS. OF THESE LESSER PROBLEMS, DEL ARCO LABELED A PROVISION ON "FILMS" AS "SOMEWHAT" DIFFICULT FOR SPAIN.

4. ASSISTANT SECRETARY KATZ, THE U.S. CO-CHAIRMAN OF THE

COMMITTEE, REPLIED THAT THE U.S. HOPES "PROGRESS CAN BE MADE" IN THIS ROUND OF NEGOTIATIONS.

5. AT SUBSEQUENT LUNCH HOSTED BY MFA DEL ARCO VOLUNTEERED TO EMBOFF THAT GOS MIGHT ACCEPT THE FOLLOWING: SPAIN RECOGNIZES OUR RIGHT TO TAX U.S. CITIZENS IN SPAIN, PROVIDED U.S. EXEMPTS SPANISH TAXES LEVIED BUT NOT ACTUALLY PAID (APPARENTLY THE "BRAZIL FORMULA").EATON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, TAX AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MADRID01919
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770088-0842
Format: TEL
From: MADRID
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770359/aaaabzpu.tel
Line Count: 70
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b726f8b7-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 53385
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3105654
Secure: OPEN
Status: NATIVE
Subject: US-SPANISH DOUBLE TAXATION NEGOTIATIONS, MARCH 21-25
TAGS: EFIN, SP, US, (DEL ARCO, LUIS)
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/b726f8b7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009